Press release

Protests all over Europe show desperate situation of dairy farmers

Only an overhaul of the system can stabilise the milk market
– dubious solutions cannot improve anything and distract from the real problem

(Brussels, 30.07.2015) Dairy farmers' protests are flaring up all over Europe. In France, Spain, Belgium, Portugal and Germany, everywhere you look, extremely low milk prices – in some cases about 25 cents a litre – are forcing producers out onto the streets. The intolerable situation was triggered off by a milk policy banking on exports and overproduction. Sieta van Keimpema, Vice-President of the European Milk Board (EMB), says: "The current system and the current policy have failed, plunging European dairy farmers into the abyss."

But if this failed policy of an unlimited increase of production is only countered by half-baked concepts, no end will be put to this misery. It will merely deceive the general public and producers in the short term with what may appear as a solution. Such dubious proposals include an increase of the intervention price without concomitant cuts in production, questionable price agreements as well as unrealistic export strategies.

What is the problem?

Why is it not possible to achieve a cost-covering price in the market, which would enable dairy farmers to survive and also invest in future production? The volume produced in the market exceeds demand. And too high volumes force prices down to rock-bottom. "It is the same in every EU country", says Sieta van Keimpema. "Putting the blame on individual countries or farmers is wrong, because they are all struggling with the same problem". Those steering this blame strategy are only distracting from the real problem and showing how little they care about a serious solution.

What is the solution?

When excess volumes cause the price to collapse, we need to adapt EU production, in order to do something to counter the threat to dairy farmers' livelihoods throughout Europe. Reducing the volume in times of crisis takes the pressure off the markets and makes for higher prices.

As producers would not cut their production individually, this must be done on the level of solidarity, using a crisis instrument like the Market Responsibility Programme (MRP). This then ensures that the reduction is fairly distributed among producers. In the end, every producer benefits from the fair prices this achieves.

European Milk Board asbl
Rue du Commerce 124, bte 4, B-1000 Bruxelles
VAT no.: BE0535.674.283

Tel.: +32 (0)2 808 1935
Fax: +32 (0)2 808 8265
office@europeanmilkboard.org
www.europeanmilkboard.org

What is of no use and only distracts from the real problem?

Artificially propping up the price would only stimulate production and make the situation worse. That is why proposals like raising the intervention price without reducing volumes at the same time are counterproductive. Also merely banking on exports to flood other markets with excess production is no good. For they too already have a lot of milk, and the international price war this entails lowers prices for everyone. Additional overproduction from the EU further hastens the downward price spiral. Sieta van Keimpema summarises the EMB's demands: "If the problem cannot be shifted, there is only one solution: the EU has to do its homework and overhaul the current system, thus eliminating the plight in the long term."

Moreover, one-off campaigns such in France, where a price rise from below 30 cents to 34 cents a litre of milk was agreed – yet ignoring the market situation –, are only superficial solutions.

Only if the EU Commission, Council and Parliament put a crisis mechanism in place that focuses on volumes, market conditions can be created that allow producers to be paid a fair price. At the extraordinary Council meeting on the current milk price crisis, which will be held on 7 September, important signals will have to be sent and the way will need to be paved for long-term solutions.

You can find out more about the crisis instrument for the milk market – the Market Responsibility Programme (MRP) – here:
http://www.europeanmilkboard.org/en/special-content/market-responsibility-programme.html

Contact:
EMB Press Officer Silvia Däberitz (DE, EN): +32 (0)2 808 1936